

## **SOCIAL SERVICE SECTOR (SSS): GOVERNMENT PLANS AND OUTCOMES IN EDUCATION & HEALTH SERVICES**

**ANITA TYAGI**

*Assistant Professor, Faculty of Engineering & Technology, Mahatama Jyotiba  
Phule Rohilkhand University, Bareilly, Uttar Pradesh, India*

### **ABSTRACT**

*In the last few years, India has become one of the world's fastest growing economies. The high economic growth of the last few years has provided the government with the additional resources for expenditure on social sectors like health, education, etc. Though the Governmental expenditure to the Social Sector Services (SSS) has been rising but the outcomes are not very encouraging. We have to discuss various issues regarding budgetary allocations for social sector as well as health sector specially to achieve the objective of sustained inclusive growth.*

*This paper tries to analyze the issues related to the public expenditure on social sector and human development. To make the discussion more focused; this paper mainly covers only two issues –education and health services, which are considered to be an input into the human capital generation, empowerment and social justice. This paper also tries to find out the difference between the proposed outlays of the Government for these two services specially and the actual outcomes.*

**KEYWORDS:** *Social Sector, Education and Health Services, Social Services & Human Development*

**Received:** Jul 21, 2018; **Accepted:** Aug 11, 2018; **Published:** Aug 25, 2018; **Paper Id.:** IJECROCT20181

### **INTRODUCTION**

Human development or social welfare and well-being of the people of a nation are the ultimate objectives of any development planning. This goal is also important because the sustainability of the development process hinges upon the quality of life enjoyed by the people. According to Economic Survey, 2009, "A healthy and educated population leads to increased productivity which, in turn, can contribute effectively to output growth."

In the last few years, India has become one of the world's fastest growing economies. The high economic growth of the last few years has provided the government with additional resources for expenditure on social sectors like health, education etc. In 2004 the Government of India has started a programme, "The National Common Minimum Programme (NCMP)", reflected the government's commitment to rapid and inclusive growth through higher and targeted investments aimed at the poorest of the poor. According to the NCMP public expenditure on education and health is hardly two-three percent of gross Domestic Product (GDP) respectively. However, there seems to be a gap between plans on paper and the actual practice.

### **SSS: The Role of the Government**

In India the Central government spends on the social sector is only one-fifth of total social sector expenditure and about 80% of the expenditure is incurred by the States. Responsibilities between the Centre and

the States divided by the Constitution. Health and most rural development issues are the responsibility of the States, but issues like education, welfare and employment, both the Centre and the States are responsible. In practice, there is an involvement of the Centre in all social sectors (Mooij, J. and Dev, S. M. 2004).

India's commitment towards increased social welfare and well being of its people can be gauged by the massive increase in the share of central government expenditure on social services. Central government's expenditure on social services and rural development has gone up consistently over the years. As per the current Economic Survey the central government expenditure on social services including rural development out of total expenditure has increased from 10.46 per cent in 2003-04 to 19.46 per cent in 2009-10. But the issue is, whether the approach of the Government for social sector expenditure has changed in any manner and has anything changed in social sector financing strategy or not. Despite all these most important issue for consideration is to see have any increase in budgetary allocations for education and health services in absolute as well as in relative terms?.

Expenditure figures differ from allocation figures. The reason for analyzing expenditure rather than allocation figures is that they give a better impression of the priorities. They are not so much based on good intentions, but are the concrete result of decisions and other social processes and compulsions. It is, however, interesting to analyze the gap between allocations and expenditures, and the reasons behind this gap (Mooij, J. and Dev, S. M. 2004).

### Social Services and Human Development

The value of HDI gradually increased from 0.427 in 1980 to 0.556 in 2000 and went up to 0.612 in 2007 in India which put it at the rank of 134<sup>th</sup> out of 182 countries. However, in recent years, the average annual growth rate of India has been better than in most of them (Table 1).

**Table 1: Human Development Index Trends**

Human Development Index Trends									Avg. Annual Growth Rate
Country	1980	1985	1990	1995	2000	2005	2006	2007	2000-07
Poland			0.806	0.823	0.853	0.871	0.876	0.88	0.45
Brazil	0.685	0.694	0.71	0.734	0.79	0.805	0.808	0.813	0.41
Russia			0.821	0.777		0.804	0.811	0.817	
Turkey	0.628	0.674	0.705	0.73	0.758	0.796	0.802	0.806	0.87
Thailand	0.658	0.684	0.706	0.727	0.753	0.777	0.78	0.783	0.57
China	0.533	0.556	0.608	0.657	0.719	0.756	0.763	0.772	1
Sri Lanka	0.649	0.67	0.683	0.696	0.729	0.752	0.755	0.759	0.57
Indonesia	0.522	0.562	0.624	0.658	0.673	0.723	0.729	0.734	1.25
Vietnam		0.561	0.599	0.647	0.69	0.715	0.72	0.725	0.71
Egypt	0.427	0.552	0.58	0.631	0.665	0.696	0.7	0.703	0.81
<b>India</b>	<b>0.427</b>	<b>0.453</b>	<b>0.489</b>	<b>0.511</b>	<b>0.556</b>	<b>0.596</b>	<b>0.604</b>	<b>0.612</b>	<b>1.36</b>

Source: Human Development Report, 2009

This trend leads to an improvement in the HDI powered by per capita income growth for India, which is very encouraging for the country, though India is still in the Medium Human Development category, even countries like China, Sri Lanka and Indonesia are on better ranking. HDI ranks of India is also lower than the per capita GDP (PPP US \$) rank by six notches, indicates that India's human development efforts still need to catch up with the progress made in GDP per capita, as we can see in Table 2. The existing gap between the health and education indicators of India and those in the developed world and even many developing countries needs to be bridged at a faster pace (HDR, 2009).

**Table 2: India's Global Position in Human Development 2007**

Country	HDI	GDP Per Capital (PPP US \$)	Life Expectancy at birth (yrs & above)	Adult Literacy Rate (% aged 15yrs & above)	Combined Gross Enrol. Ratio in Education(%)
	2007	2007	2007	1999-2007	2007
Poland	0.880(41)	15,987	75.5	99.3	87.7
Brazil	0.813(75)	9,567	72.2	90	87.2
Russia	0.817(71)	14,690	66.2	99.5	81.9
Turkey	0.806(79)	12,955	71.7	88.7	71.1
Thailand	0.783(87)	8,135	68.7	94.1	78
China	0.772(92)	5,383	72.9	93.3	68.7
Sri Lanka	0.759(102)	4,243	74	90.8	68.7
Indonesia	0.734(111)	3,712	70.5	92	68.2
Vietnam	0.725(116)	2,600	74.3	90.3	62.3
Egypt	0.703(123)	5,349	69.9	66.4	76.4
<b>India</b>	<b>0.612(134)</b>	<b>2,753</b>	<b>63.4</b>	<b>66</b>	<b>61</b>

Source: HDI, 2009

## EDUCATION: THE CHALLENGES

Education is the engine of the economic growth and social change. It creates motivation for progress and brings a revolution in the ideas necessary for the progress of the country. It is also one of the human rights set out in the U.N

Education empowers the poor to participate in the growth process. Despite various efforts made by the government to give a boost to education, every third illiterate person in the world is an Indian. Increasing budgetary allocations have raised the number of schools, but the quality of education is still at a low standard mainly because of supply constraints. There are many schemes such as MDMS and SSA which helped to increase the enrollment, but drop-out rates are still high before completion of primary education, it reflects the wastage of public money which often runs into crores.

Though India rests behind China and Sri Lanka in terms of the education index and adult literacy rate, but is doing far better than its other neighbors such as Bhutan, Bangladesh, Nepal and Pakistan. According to the Report on Human Development in 2009, in India the adult literacy rate (aged 15 and above) was 66.0 % in 1999-2007 as against 93.3 % in China and 92.0 per cent in Indonesia, near 100% in many of the developed nations. However, India is doing better than all its neighbors except China in terms of the combined gross enrollment ratio for primary, secondary and higher education. Table -02 clearly shows the picture in education that the combined gross enrollment ratio in 2007 was 61 per cent in India as against 99.3 percent in Canada, 98.6 per cent in Norway, 78.0 per cent in Thailand and 76.4 percent in Egypt.

## Patterns of Public Expenditure in the Education Sector

In this section of the article we analyze the expenditure patterns in the education services in India. According to the data collected by the budget document and the Ministry of the Rural Development, the share of Central Government expenditure on social services in total expenditure (Plan and non-Plan) has increased from 6.86 per cent in 2003-04 to 13.35 percent in 2009-10. But there was a significant decline in total expenditure on social sector in 2006-07, it was decreased to 9.47 percent of total central expenditure from 9.79 percent in 2005-06, then increased significantly from 2007-08 to 2009-10 (Table 3).

**Table 3: Cent Central Government Expenditure  
(Plan & Non Plan) on Social Services**

Cent Central Government Expenditure (Plan & Non Plan) on Social Services (as % of Total Expenditure)			
YEAR	Education & Sports	Health & Family Welfare	Total Expenditure of Social Sector
2003-04	2.23	1.53	6.86
2004-05	2.81	1.64	7.85
2005-06	3.71	1.89	9.79
2006-07	4.28	<b>1.87</b>	<b>9.47</b>
2007-08	<b>4.24</b>	2.08	11.39
2008-09(RE)	<b>4.07</b>	<b>1.86</b>	13.19
2009-10(BE)	4.37	1.99	13.35

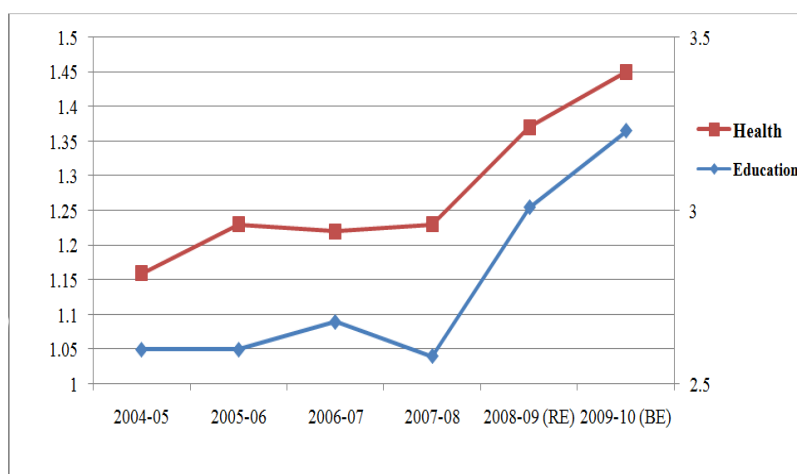
**Source:** Budget Document and Ministry of Rural Development

**RE:** Revised Estimates and **BE:** Budgetary Estimates

**Trends in Social Services Expenditure by Central Government  
(Central & State Government Combined)**

**Table 4: As Percent of GDP**

Year	Education	Health
2004-05	<b>2.6</b>	1.16
2005-06	<b>2.6</b>	1.23
2006-07	2.68	<b>1.22</b>
2007-08	<b>2.58</b>	1.23
2008-09(RE)	3.01	1.37
2009-10(BE)	3.23	1.45

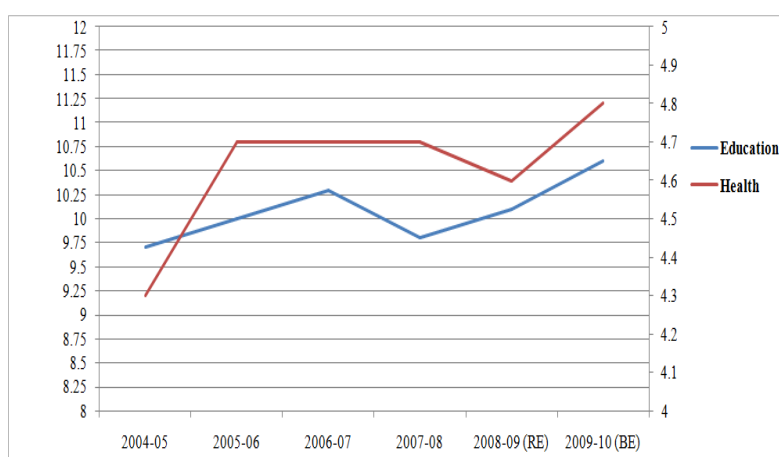


**Figure 1**

As the percent of GDP, the trend of the total public expenditure on education is also surprising, in 2004-05 it was 2.60 percent of GDP, which remain constant in 2005-06 and with a bit increase in 2006-07 it again reduced from 2.68 to 2.58 in 2007-08 (Table 4 & Figure 1).

**Table 5: As Percent of Total Exp.**

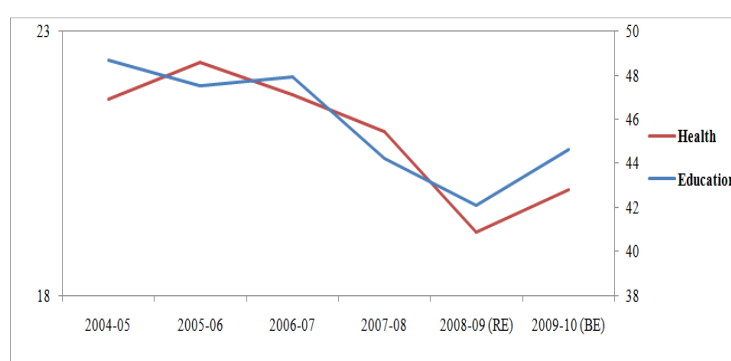
Year	Education	Health
2004-05	9.7	4.3
2005-06	10	<b>4.7</b>
2006-07	10.3	<b>4.7</b>
2007-08	<b>9.8</b>	<b>4.7</b>
2008-09(RE)	10.1	<b>4.6</b>
2009-10(BE)	10.6	4.8



**Figure 2**

**Table 6: As Percent of Social Service Exp.**

Year	Education	Health
2004-05	48.7	21.7
2005-06	<b>47.5</b>	22.4
2006-07	47.9	<b>21.8</b>
2007-08	<b>44.2</b>	<b>21.1</b>
2008-09(RE)	<b>42.1</b>	<b>19.2</b>
2009-10(BE)	44.6	20



**Figure 3**

As the percent of total expenditure as well as percent of social services expenditure, especially for education, there has also been a trend of decline which we can see in the Table 5 & 6 and Figure 2 & 3 as above.

Further, an analysis of central budgets indicates that almost 99 percent of the budgetary expenditure on education is accounted for by revenue expenditure (running expenses such as salaries etc.), thus leaving precious little for capacity increasing capital expenditure.

Revenue from 'education cess' is one of the important issues. The basic objective to impose a cess on taxpayers is to generate additional revenue for the sector development. The education cess funded 38% and 49% of total expenditure on education respectively in 2006-07 and 2007-08. This indicates a gradual increase in the revenue from cess and reduced contribution of other budgetary resources to total expenditure on education. Thus, the education cess is not being used as an additional source of revenue to boost the existing allocation to education, but being used as a substitute for budgetary allocations.

### **Outcomes**

In the education sector, the government's priority has been an elementary education with almost 50 percent of budgetary allocations. But in the higher education allocation of resources are not satisfactory. Actually, allocation and utilization of resources is also matters. Indian government spends a large amount of public money on school education, but the outcomes have not ever been satisfactory. However, the government has made many policies to improve the status of school education, but the quality of education and its infrastructure is shocking. School buildings run in one or two rooms, located in a very unhygienic environment and running with lack sanitation facilities for children. Though the student-teacher ratio is very high, but absentees among both the students as well as teachers have been common. Finally enrollment becomes low and dropouts become high. These conditions show that money allocated for the school education is not being properly utilized at all.

There is a need to emphasize quality instead of quantity, i.e. it is important to have good and sufficient infrastructure, spacious and hygienic school environment and regularity in attendance by teachers and students. Safe, secure environment, good quality of infrastructure and related facilities would help to get increase the enrollment and attendance and thus one can ensure a better utilisation of public expenditure on education.

The study has proved that one of the important reasons for low outcomes of public expenditure on education has been the inability of the government to provide targeted assistance to needy students. The government has been financing schools, while it should be directly financed to the children for their education. On the one hand the financing of schools has led to wasteful expenditure with little improvement in quality of education; on the other hand it is wastage of time and efforts also. Financing of students directly encourages students to be regularly in schools, to increase the number of students and create a healthy competition among schools in attracting students. These exercises result a great improvement in the quality of schooling which will strengthen the primary education.

### **HEALTHCARE: THE CHALLENGES**

There has been some improvement in the quality of health care over time, but with wide interstate, male-female and rural-urban disparities the progress in health services have been quite uneven across regions. India's ranking in terms of health, performance indicators continues to be unsatisfactory even in comparison to some of its poorer neighbors. While India has a male life expectancy of 63.3 years, the corresponding figures for Bangladesh and Sri Lanka are 63.4 and 68.8 years respectively. On the other hand, the Chinese enjoy a much higher male life expectancy of 71.4 years. Indian female life expectancy (66.6 years) is higher than that for males but is still far below that of China (74.9 years) and Sri Lanka (76.3 years), according to the Human Development Report of 2009.

Similarly, while India has an Infant Mortality Rate (IMR) of 54 per 1000 live births, Nepal, Bangladesh, Sri Lanka and Bhutan have lower IMRs of 53, 51, 11 and 44 respectively. China's IMR is only 23, suggesting a huge lead over

India in the nutrition and care of infants.

The incidence of early fertility is the highest in India with 62 births per 1000 women in the age group of 15-19 years, far in excess of that in Pakistan, Sri Lanka and Iran with figures of 36, 25 and 20 respectively. China's performance in terms of this indicator is far better than all mentioned countries with eight births per 1000 women in the same age group. In regard to conditions provided for delivery of infants, 47 percent of births in India take place under skilled supervision while Sri Lanka does much better at 97 percent.

A country like India, where the incidence of poverty is very high, needs to have extensive health safety nets. The health network has expanded rapidly, but remains widely skewed. The irony is that medical tourism in India is becoming popular with patients coming from overseas, but our own citizens do not have proper access to basic health care services.

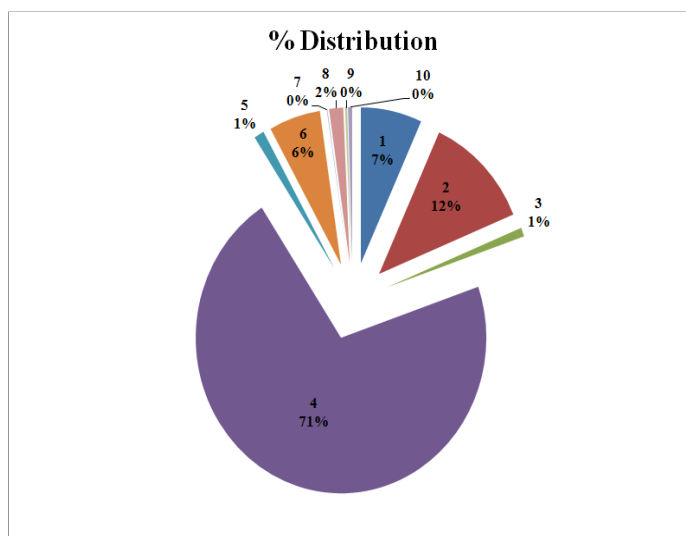
### **Patterns of Public Expenditure in the Health Sector**

The provisional estimates from 2005–06 to 2008–09 shows that health expenditure as a share of GDP has significantly come down to 4.13% in 2008–09. Though health expenditure has increased in absolute terms, the proportionately higher growth of GDP has resulted in a moderate increase in the share of health expenditure to GDP over the years. Among all the sources, households contributed a significant portion at 71.13% of total health expenditure for availing health care services from different health care institutions. Another major source of funding was the state governments constituting 12%. The central government contributed 6.78% and firms 5.73%, according to the National Health Account Report, 2009 (Table 7 & Figure 4).

**Table 7: Funds Flow to Health Sector by  
Sources 2004-05 (in Rs. 000)**

<b>Fund Flow to Fund Health Sector by Source 2004–05 (Sources of Funds)</b>	<b>Expenditure (in Rs. 000)</b>	<b>% Distribution</b>
<b>A-Public Funds</b>		
Central Government	90,667,581	6.78
State Government	160,171,666	11.97
Local Bodies	12,292,886	0.92
<b>Total-A</b>	<b>263,132,133</b>	<b>19.67</b>
<b>B-Private Funds</b>		
Households	951,538,903	71.13
Social Insurance Funds	15,073,973	1.13
Firms	76,643,295	5.73
NGOs	879,761	0.07
<b>Total-B</b>	<b>1,044,135,932</b>	<b>78.05</b>
<b>C-External Flows</b>		
Central Government	20,884,614	1.56
State Government	3,272,854	0.24
NGOs	6,337,673	0.47
<b>Total-C</b>	<b>30,495,141</b>	<b>2.28</b>
<b>Grand Total</b>	<b>1,337,763,206</b>	<b>100</b>

Source: NHA Report 2004-05



**Figure 4**

The proportion of GDP allocated to public spending on healthcare in India is among the lowest in the world; China spends around 02 percent of its GDP, UK 06 percent while the US spends around 16 percent. Countries like Nepal and Bangladesh spend about 1.5 and 1.6 percent respectively of their GDPs on health, while we spend around 01 percent. The aggregate public expenditure on health has increased only by 0.1 percent of GDP during the last five years (Table 4 & Figure 1). If we see the trend in social services expenditure by Central Government, the expenditure on health as per the total expenditure, it's shocking that it has been constant at 4.7 percent during 2005 to 2008. After this surprisingly it has declined by 0.1 percentage point in 2008-09 and then increased only by 0.2 percentage point (Table 5 & Figure 2). If we look at as percentage of social service expenditure the total expenditure on health has continuously decrease from 22.4 percent in 2005-06 to 19.2 percent in 2008-09 (Table 6 & Figure 3).

### Outcomes

Inadequate and inefficient expenditure on the public health system has led to deterioration of quality and it has adversely affected the vast majority of the poor, who are its main users. This has forced the poor to shift to a private healthcare system which is almost unregulated. Programmes, such as National Rural Health Mission (NRHM), Integrated Child Development Services (ICDS), Janani Suraksha Yojana (JSY), Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) etc. have been implemented to provide accessible, affordable and quality health services to the rural poor and pre-school children in rural areas and urban slums, however, their implementation leaves a lot to be desired for instance. These programmes are being implemented through underpaid women workers [Associated Social Health Activists (ASHAs) and Anganwadis constitute the backbone of these schemes] receiving less than minimum wages, and lack adequate equipment and infrastructure.

Though the Government has been implementing a lot of such programmes, but the benefit doesn't go to the poor community, actually they have always been deprived of these benefits because of the loopholes of our system and administration. Indian Government is spending a lot to improve the health services and to give direct benefit to the poorer but the efforts not seem enough due to a huge difference of the programmes and their implementation.



## CONCLUSIONS & SUGGESTIONS

In the light of the whole discussion we can conclude that the social service sector in India suffers from the high inadequacy of public finance and therefore an immediate and significant scaling-up of resources is important. The undue burden on households for spending on health & education cannot be appreciated anyway. External funding in these services is also increasing significantly, international donor gives money to education and health services, but these kind of activities reduces the incentive which taken by the Government. There is an urgent need to restructure the whole budgeting system to make it more functional and effective.

The budgetary allocations to social sector services are increasing, but without any significant increase in welfare benefits to the society it doesn't have any mean. A change in the implementation techniques of budgeted schemes is required for better outcomes. In fact, government expenditure on social services hardly benefits the needy and poor people because of a lot of leakage in functions and misuse of funds. Only well targeted expenditures coupled with perfect implementation can benefit the poor.

The basic problem is, very often, a weak planning capacity of the government and an irregular funds flow. Our fund system is just like a water pipe and pipe is too narrow, it leaks at various places and water doesn't reach the intended destination on time (Mukharjee, Anit, PPP). Rules and procedures for the actual release of funds need a thorough review. A higher decentralization of funds, aligned with functional needs and responsibilities, is required. However, any decentralization and financial delegation needs to be carefully calibrated and sequenced. In other words, decentralization can only be done after developing the requisite financial capability and laying down rules and procedures for accounting systems. Unless such restructuring of budgetary allocations and decentralization of funds takes place, the greater absorption of funds will continue to be difficult. Experience all over the world suggests that it is not so much the size of the government budget, but how it is spent that determines the efficacy of the system.

## REFERENCES

1. Basu, A. (1995) *Public Expenditure Decision Making: The Indian Experience*. New Delhi: Sage Publications.
2. Drèze, J. and Sen, A. (1995) *Economic Development and Social Opportunities*. New Delhi: Oxford University Press.
3. Guhan, S. (1995) 'Social Expenditures in the Union Budget', *Economic and Political Weekly* 30 (18 & 19): 1095-1102.
4. *Human Development Index Report of India*, 2009.
5. *Economic Survey Report, Government of India*, 2009-10
6. Mooij, J. and Dev, S. M. (2002) 'Social Sector Budgeting: An Analysis of Expenditure Patterns and the Budget Making Process in the 1990s'. Paper presented at conference 'Revisioning Social Policies for the 21st Century', Institute of Development Studies, Sussex, 24-25 March.
7. Mooij, J. and Dev, S. M. (2004) 'Social Sector Budgeting: An Analysis of Budgets and Expenditures in India in the 1990s', *Development Policy Review*, 22(1): 97-120.
8. Gupta, M., & Pant, S. *Gender Difference In Decision Making Style Of Middle Age Consumers Of Clothing*.
9. Narayana, M R (2006), " Measurement of Education achievement in Human Development: Evidence from India", *International Education Journal*, 7(1), 85-92.

10. *NCAER (National Council of Applied Economic Research). (1999). India Human Development Report. New Delhi: Oxford University Press.*
11. *Prabhu, S. (1997) 'Social Sector Expenditures in India: Trends and Implications'. Background paper for UNDP.*
12. *Prabhu, S. (2001) Economic Reform and Social Sector Development. New Delhi: Sage Publications.*
13. *Saxena, N. C. and Farrington, John (2002) 'Trends and Prospects for Poverty Reduction in Rural India: Context and Options'. Paper presented at Rural Livelihood Futures Workshop, New Delhi, 17-19 October.*
14. *Union Budget of India, 2010-11.*